



Vertex Communications, Inc.
"Communications on a Higher Level"

June 30, 2005

Ms. Beth O'Donnell
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RECEIVED

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PUBLIC SERVICE
COMMISSION

RE: Case No. 2005-0186

Dear Ms. O'Donnell,

Please find enclosed 5 copies of the response to questionnaire dated June 22, 2005 referencing the above case number. You may contact me at any time regarding any questions related to this filing.

Regards,

A handwritten signature in black ink, appearing to read "W. Brent Saxon".

W. Brent Saxon
President & CEO



Vertex Communications, Inc.

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Response to Question 1. Yes, Vertex Communications, Inc. offers Unlimited Local Telecommunications Services as well as a recent offering of Unlimited Long Distance Services. Unlimited Local and Long Distance services are described and applied to Vertex consumers of those services as: "Any Local or Long Distance services sold by Vertex and purchased by Vertex customers that may be used only for typical residential dialing services 24 hours per day 7 days per week." Revised tariff is being submitted along with this filing. There is no reference to unlimited local calling in the tariff as all local services are "unlimited. Reference to "unlimited" long distance can be found on page 31 in a continuance of paragraph # 3.1.4H from page 30. (See attached exhibit "A").

Response to Question 2. Local and long distance calling services may be marketed as "unlimited." As Vertex is a non-facilities based carrier of telecommunications services and simply resells the services of other carriers through negotiated agreements, there may be certain limitations to the calling services offered based on contract requirements of the underlying carriers.

1.) With respect to local calling services only subscribed to Vertex on a prepaid basis, the following restrictions and/or limitations apply:

- A.) All those services which would cause an increase to a customer's monthly bill which can not be recovered from the customer by Vertex due to the prepaid nature of the billing such as local (411) or long distance (1 area code 555-1212) directory assistance, receiving collect calls, 900 number dialing, long distance dialing, regional or extended area calling, etc. are blocked from use by that customer by Vertex upon provisioning of that order to the underlying carrier.
- B.) Any calling feature not paid for by the customer on a prepaid basis such as call waiting, caller ID, etc. are blocked from use by that customer by Vertex upon provisioning of that order to the underlying carrier.

2.) With respect to local calling services with long distance subscribed to Vertex on a prepaid basis, the following restrictions and/or limitations apply:

- A.) The same restrictions as in (A) and (B) above.
- B.) There are additional restrictions of monthly usage of long distance services as per contract obligation with the underlying carrier. Long distance services are intended for typical residential dialing only anywhere in the continental United States. Monthly long distance usage is provisioned by Vertex to the underlying carrier which is capped by that carrier at 10,000 minutes of usage per month which equates to 166.66 hours of long distance usage per month and 5.55 hours of long distance usage per day for a typical 30 day month. Vertex is charged a flat rate for the service up to the 10,000 minute ceiling and per minute for any usage over the ceiling.



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(C) Vertex researched many different long distance providers prior to signing a contract with this particular third party carrier. Vertex also researched many competitors long distance offerings often marketed as "unlimited" prior to bundling the LD product offering into its packaged service offerings. This is the only carrier with which Vertex had discussion who offered an "unlimited" plan with a 10,000 minute per month ceiling and flat rate pricing which would allow Vertex to be able to market this product to our "niche" customer without pricing the product out of the range of affordability. All other carriers solutions maxed out at 5000 minutes per month and typically charged a per minute usage to their wholesale customers such as Vertex.

Response to Question 3. Customers are notified of local and long distance plan restrictions at the time of purchase both verbally by our agents, in writing on Vertex advertising materials, and the customer's purchase receipt.

Response to Question 4. Vertex sells its services through a network of agents located throughout the various communities in the states where we are certified. These agents are local businesses that serve the same "niche" customer that Vertex is looking to serve. All advertising materials are supplied by Vertex and a Vertex Regional Sales Manager is sent to recruit and properly train our agents. Inside advertising materials and the customer purchase receipt specifically outline what the customer has purchased, the cost per month that the customer is required to pay to keep the service active and the restrictions that may apply to the plan that the customer has purchased. Additionally, the customer is given a toll free 800 number that can be used at any time during normal business hours from 8 a.m. to 8 p.m. EST to reach the Vertex Customer Service Department should they have further questions. (See attached Exhibit "B" & "C").

Response to Question 5. Should a customer exceed the provisioned amount of usage before a customer's normal 30 day billing cycle expires, the underlying carrier will notify Vertex of the exception and also whether or not the service is being used for typical residential dialing or for other such services such as data transmission, chat services, etc. At that time, if it is determined that the service is being used for typical residential dialing services, the long distance is automatically recharged without interruption in service or charge to the customer. If however, it is determined that the service is being used for any purpose other than typical residential dialing, Vertex in its sole discretion, may request that the only the customer's long distance services be suspended pending further investigation. Vertex will contact the customer and notify them of the violation in the use of the LD service, re-inform them of the LD restrictions, recommend solutions to the problem, and finally, inform them if the problem persists, they may possibly no longer be allowed to subscribe to the package sold which includes long distance.

Response to Question 6. At this point, there have been no changes made to the plan. In the foreseeable future there are no changes that will be made to the plan unless Vertex is notified by the underlying carrier that changes must be made. At that time, Vertex will contact those customers subscribing to the affected plan both verbally by our Call Center Reps and in writing with notification of the plan change. Additionally, all Vertex agents will be properly notified of the change and properly re-trained.



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Response to Question 7. At this time, the only means through which a customer may monitor minutes of use is by contacting a Call Center Rep via our toll free number. All Call Center Reps are trained on how to access the underlying carriers on-line system where individual customer records can be retrieved.

Response to Question 8. As stated in Response to Question 2 part 2.) (C), Vertex performed hours of research on market competition and had hours of discussion with numerous carriers in order to determine how our products and services should be marketed and which company would best serve our customer base. Specifically, the dominant non-facilities based CLEC with which Vertex competes for customers markets an "unlimited" long distance which is actually only 2000 minutes of use per month. With this carrier, if the minutes of use are exceeded, the LD is shut off and the LD is not re-charged until next month at the customers next bill cycle pay date. Additionally, the dominant LEC with which Vertex is interconnected markets an "unlimited" long distance which is actually "5000" minutes of use per month. With this carrier, if the minutes of use are exceeded, the customer is charged an additional \$50.00 on his or her monthly bill. In both of these scenarios it is explained to the consumer that these limits are considered to be "typical" long distance usage. CLEC's, LEC's, RBOC's, Cellular Carriers, ISP's and many others market plans which are "unlimited". However, when these plans are more thoroughly researched, they all have restrictions on usage whether it be when the minutes can be used, how the minutes can be used, or actual restrictions on the number of minutes that can be used. Finally, the consumers of these plans are as much at fault as the providers of these plans. They are explained the specifics of the plans prior to purchase and signature. At the time of purchase, "unlimited" plans sound like a lot of time and the restrictions do not sound like they will ever be met. However, only when the consumer finds out that plan restrictions come into play when they stay on the phone or the internet well beyond what they anticipated when they signed up for the plan is a complaint ever heard.

Vertex plan for local calling is truly "unlimited" and Vertex long distance plan has more minutes of use and far less restrictions or additional costs passed on to the consumer than any of the other plans that were found. As Vertex is serving approximately 16,000 customers in nine states with its local and long distance calling services, only in 7 cases have individuals ever exceeded the 10,000 minute ceiling and those issues have been resolved internally without a single complaint to any Public Service Commission in those nine states.

Response to Question 9. Vertex does not discriminate in the provisioning of services or in the sale of those services to any consumer who wishes to purchase those services. Every effort is made to keep pricing affordable and is sold at the same rate, depending on the underlying carrier area, with the same quality service and sold under the same conditions in the entire state of Kentucky as well as in every other state where Vertex is certified. Vertex is currently in compliance with the requirement of KRS 278.170(1) and intends to remain so.

Response to Question 10. Vertex is not aware that any complaint has ever been filed with the Kentucky PSC or any other state PSC where it concerns any calling plans marketed as "unlimited."



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It is Vertex sincere intentions not to be deceptive in any of its practices in the State of Kentucky or in any other state where it is certified as a telecommunications service provider. With respect to any of its calling plans offered, Vertex is simply dealing with competitive market pressures in both marketing and pricing of its products and services. Vertex intends to continue to offer an excellent product at an affordable price to a consumer in the State of Kentucky who is often underserved by the dominant LEC simply due to that consumer's inability to meet the deposit or credit requirements of that LEC. Vertex also intends to continue to recruit and properly train the best agents to market its products and services to their customers and provide an excellent customer service support mechanism to support the customers of those agents.

Finally, it is Vertex sincere belief that the Public Service Commission and the Attorney General will find that Vertex is offering a great product at a great price to Kentucky consumers while at the same time allowing Kentucky business owners the opportunity to increase their revenue streams. In all its business dealings in the State of Kentucky, Vertex makes every effort to properly train its agents and inform its customers of exactly what is being purchased at the time of purchase.

EXHIBIT "A"

3. DESCRIPTION OF SERVICES (cont.)

3.1 Local Exchange Service (cont.)

3.1.4 Optional Service Features

- 3.1.4.A Call Waiting. A tone signals the User to indicate that another call is waiting. The User can answer the second call by flashing the switchhook or by hanging up the phone.
- 3.1.4.B Call Forwarding. The User may direct incoming calls to the Customer's telephone number to be routed to a User-defined telephone number.
- 3.1.4.C Three Way Calling. The User may sequentially call up to two other Customers' telephone numbers and add the calls together making a three way call.
- 3.1.4.D Unpublished Number. The Customer may refuse a listing of its name, street address, and telephone number in the telephone directory published by the dominant exchange service provider in the Customer's exchange area.
- 3.1.4.E Speed Dial. The User may call pre-selected, pre-programmed telephone numbers by dialing a one or two-digit code.
- 3.1.4.F Call Return. The User may return the last call to the Customer's telephone number by dialing a one or two-digit code.
- 3.1.4.G Caller ID. The User may view on a display unit the telephone number of incoming telephone calls.
- 3.1.4.H Long Distance. As the Company is not switching Long Distance Services and is reselling the Long Distance services of another provider, this service is being provided as an additional calling feature. The user may dial, depending on the subscribed to service 1 + 10 digits or may utilize an 800 number to access Long

Issued:

Effective:

By: Mr. W. Brent Saxon
President and Chief Executive Officer
Vertex Communications, Inc.
210 East Main Street
Walhalla, South Carolina 29691

3. DESCRIPTION OF SERVICES (cont.)

Distance. Long Distance feature includes 10,000 minutes of actual use per month and may be used 24 hours per day 7 days per week. Long Distance feature may be marketed as "Unlimited" and the customer informed verbally and in writing on customer purchase receipt upon purchase of the inclusions of the feature. Should a customer exceed the 10,000 minute limit utilizing typical residential dialing under normal calling conditions, the feature will be recharged automatically by the company with no interruption in customer service and at no additional cost to the customer if in its sole discretion the company determines that the service is being used consistent with residential dialing services only under normal conditions. (N)

3.1.5 Directory Listing Service

- 3.1.5.A The Company will provide Customer a single directory listing consisting of the Customer's name, Customer's street address, and Customer's telephone number which is designated as the Customer's main billing number, in the telephone directory published by the dominant exchange service provider in the Customer's exchange area.
- 3.1.5.B The Company may limit the length of any listing in the directory by the use of abbreviations when, in its sole discretion, the clarity of the listing or the identification of the Customer is not impaired thereby.
- 3.1.5.C The Company may, in its sole discretion, refuse a listing (i) that does not constitute Customer's legally authorized or adopted name; (ii) that contains obscenities in the name; (iii) that is likely to mislead or deceive calling persons as to the identity of the listed party; (iv) that is a contrived name used for advertising purposes or used to secure a preferential position in the directory; or (v) that is more elaborate than reasonably necessary to identify the listed party. The Company will notify Customer prior to withdrawing any listing which is found to be in violation of this subpart.

Issued:

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By: Mr. W. Brent Saxon
President and Chief Executive Officer
Vertex Communications, Inc.
210 East Main Street
Walhalla, South Carolina 29691

EXHIBIT "B"

Are Your Monthly Phone Bills Too High?

Check this out from Vertex Communications!

BASIC SERVICE

\$55.00 Per Month

Includes: Unlimited Local Calling

VALUE PACKAGE

\$80.00 Per Month

*Includes: Unlimited Local Calling And
LONG DISTANCE***

(Package Prices include Taxes, Fees, & Surcharges)

*Stop Paying More Than You Need To For
Local Service, Calling Features, And Long Distance!*

*Convert Your Service From Your Current Phone Company,
Pay The Above Amount, Keep Your Same Number,
And Possibly Never Get Disconnected!*

No Credit Checks ----- No Deposits ----- Lower Monthly Bills

ASK YOUR AUTHORIZED AGENT HOW YOU CAN GET CONNECTED TODAY!

Call Us Toll Free At 1 888 893-5677 For The Nearest Agent Location In Your Area!

Packages Available In KENTUCKY ALLTEL Calling Area Only.

***\$30.00 One-Time Processing Fee For New Customers. No Processing Fee For Conversion Customers.
Home Phone Service Provided By Vertex Communications, Inc. 210 E Main St. Walhalla, SC 29691*

"Vertex Unlimited Long Distance plan includes 10,000 minutes per month to be used for residential dialing only anywhere in the continental United States and can be used at any time day or night. Vertex reserves the discretionary right to terminate, suspend, or restrict any service without notice if it is determined that the service is being used beyond the realm of reason inconsistent with residential telephone use."

Are Your Monthly Phone Bills Too High?

Check this out from Vertex Communications!

****BASIC SERVICE** **\$50.00 Per Month**
Includes: Unlimited Local Calling, Call Waiting, Caller ID,
Call Forwarding, Call Return, & 3-Way Calling

****THE WORKS** **\$54.00 Per Month**
Includes: Unlimited Local Calling, Call Waiting, Caller ID,
Call Forwarding, Call Return, 3-Way Calling, & Area Plus.

****TOTAL CHOICE** **\$64.00 Per Month**
Includes: Unlimited Local Calling, Call Waiting, Caller ID,
Call Forwarding, Call Return, 3-Way Calling, Area Plus, &
LONG DISTANCE**

(Package Prices include Taxes, Fees, & Surcharges)

*Stop Paying More Than You Need To For
Local Service, Calling Features, And Long Distance!*

*Convert Your Service From Your Current Phone Company,
Pay The Above Amount, Keep Your Same Number,
And Possibly Never Get Disconnected!*

No Credit Checks ----- No Deposits ----- Lower Monthly Bills

ASK YOUR AUTHORIZED AGENT HOW YOU CAN GET CONNECTED TODAY!

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EXHIBIT "C"

Close Window



Vertex New Install Receipt

Order Details	Next Due Date: 08/10/2005
	Amount Due Next Month: \$64.00

Customer Name: Sample Customer
Address: 123 Test Dr.
 APT: N/A
 Louisville, KY 30239

Phone Number: Pending

Order Date: 07-06-2005

Agent: Vertex Communications
 , 0

Services Ordered:

Total Choice Package

Includes: Call Waiting, Caller ID, Call Return, Call Forward, 3-Way, Area Plus & Unlimited Long Distance

Additional Features Ordered:

None

Total Amount Paid: \$94.00
 (Includes Taxes, Fees and Surcharges)

-
- Please allow up to 7 business days for your order to complete.
 - You may call after 48 - 72 hours to receive your phone number and expected date of service
 - Your next payment is due on the date listed above.
 - You will not receive a bill by mail. Please return to your agent listed above to remit your payment.
 - Refunds will not include processing fees.
 - Vertex Long Distance plan includes 10,000 minutes per month to be used for residential dialing only in the continental United States and can be used at any time day or night. Vertex reserves the discretionary right to terminate, suspend, or restrict any service without notice if it is determined that the service is being used beyond the realm of reason inconsistent with residential telephone use."
-

Thank you for choosing Vertex Communications, Inc.
 You can check the status of your order by contacting your agent or calling Vertex at 1.888.893.5677

Sign the below to indicate that you agree to the terms of the customer service agreement below:

APPLICANT SIGNATURE

DATE

Letter of Agency

Vertex Communications, Inc.
210 East Main Street
Walhalla, SC 29691
Phone: 888.893.5677

VerteX Communications, Inc. "The Company" agrees to provide the person whose name appears on the reverse "The customer" local telephone service for local inbound/outbound calling within the customer's basic service area on a monthly prepaid basis.

1. By signing the above LOA (letter of agency) the customer agrees to all the terms and conditions set forth by the customer service agreement.
2. The customer requests that the Company establish or augment service at the residence noted on the reverse side of this page. Any questions about the customer's service must be directed to Vertex's toll free customer service number.
3. The customer understands that this prepaid local phone service does not allow the customer to dial or use local or long distance directory assistance, operator services, or perform long distance calling using traditional 1+ or 0 + methods.
4. The customer shall indemnify, defend and hold harmless the company from any and all claims, actions, damages, liabilities, costs and expenses, including any direct, indirect, incidental, special, consequential, exemplary or punitive damages to the Customer and including reasonable attorneys fees for any claim on any nature whatsoever brought by a customer with respect to any service provided by the company or with respect to the termination of the companies service to a customer effected in accordance with pertinent rules of the utilities commission. Except as provided below, the Company shall not be liable for any delay or failure of service due to cause beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes.
5. I agree that the monthly rate indicated on the reverse is to be paid prior to my established due date every month in order to avoid service interruption. Payments will be made directly to an authorized VerteX service agent.
6. The processing/application fee is non-refundable once order has been processed or service has been initiated. The first month's service fee is also non-refundable once service has been initiated.
7. Under normal circumstances, the customers service will be initiated within 7 business days from the time the Company receives the customers completed agreement and payment.
8. Service term is for 30 calendar days. Late fees and reconnection fees may apply if payment is not made on customers due date. Invoices and reminder calls are a courtesy and in no way omit customer from making timely payments. The customer is obligated to make prompt payments on the respective due date.